

Jim Kehoe

**From:** Jim Kehoe [jkehoe@panoramalabs.com]  
**Sent:** Tuesday, May 23, 2006 5:01 PM  
**To:** 'jathans@bigpond.net.au'  
**Subject:** Contract Extensions

Hi John,

I will do as the Board has asked and notify all parties involved, however I have a few questions and points I would like to raise first.

For clarification, I will notify Duncan, Keith, Jim Noecker, and Katie all of whom have written contracts in place. I will also notify Mike Woods, Neil Grice, Vince DePalma, and Ian, *none* of whom have written contracts in place, but all of whom have had contract discussions or written documents negotiated or prepared which have not been signed by the Company.

I assume that the Board has or will notify Sutherland if they so choose, so I will do nothing there. What about Frank Stirling?

I must say John, without further clarification of the Company's **intent** that (i) this is not a sensitive way to handle this for several people who I would consider very valuable to the Company's daily activities, and (ii) this will not be very motivational to people that are working 10 to 12 hour days, often seven days a week in an effort to complete the prototype, (ii) design the next generation prototype – one that will actually show visible light, and (iii) complete the investment document.

I fully understand the Board's desire to notify people at the earliest possible time, but I think it a better alternative if the Board were to take another week or two and be able to provide more information about its intent for the future. Sending this letter will raise many questions and I believe the Company's interests will be better served if I am prepared to answer those which I am certain will follow such as:

1. Will I be getting paid on June 1<sup>st</sup>?
2. When will the Board decide if and under what terms to employ me or enter into a new contract?
3. Is the Board thinking of changing my compensation level?
4. Should I start looking for a new job?
5. Etc. etc. etc.

Further, I see little risk in this delay to the Company. My contract and Keith's are dated November 24<sup>th</sup>, with a 90 day notice period. Duncan's contract is dated January 1, also with a 90 day notice period. So for the three of these, we have a little time.

Katie's contract is dated September 9<sup>th</sup>, with a 90 day notice period so this may be a problem. Jim Noecker's contract is dated September 19<sup>th</sup>, so this is also a problem. Is the Board really considering not entering into renewals with either of these individuals?

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I firmly support managing the business in a proper fashion. Many times in the past, I have had to announce the non renewal of contracts, even mass layoffs. But managing the business and managing employee relations must go hand-in-hand.

I'll get the letters out Wednesday if that's still what you want. Please let me know your decision (actually, please confirm receipt of this e-mail because of the recent problems we've been having).

Best regards,

Jim

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**From:** Julie Wells [mailto:baicatta@athanstaylor.com]  
**Sent:** Tuesday, May 23, 2006 4:49 AM  
**To:** jkehoe@panoramalabs.com  
**Subject:** Contract extension

Afternoon Jim

Attached is correspondence from Panorama Labs re contract extensions.

If you have any queries regarding this, please do not hesitate to contact me.

Regards

John Athans

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5/23/2006